



New Auditors Training

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December 5, 2012



Roadmap

- **Agency Overview**
- **Budget Procedures**
- **Gateway**
- **Special Topics**
 - Property Tax Caps
 - Local Option Income Taxes (LOIT)
 - Tax Increment Finance (TIF)



Agency Overview

- **Commissioner**
 - Oversees the operations of the Department and serves as a member of the Distressed Unit Appeals Board.
- **Assessment Division**
 - Promotes consistent assessing procedures throughout the state by providing guidance and technical instruction and securing compliance with the law to ensure fair and equitable assessment of property for taxpayers.
- **Budget Division**
 - Works closely with local officials in preparing their annual budgets and provides recommendations to the Commissioner on matters related to budgets, rates, levies, exceptions to property tax controls and taxpayer exceptions to tax rate increases.



Agency Overview

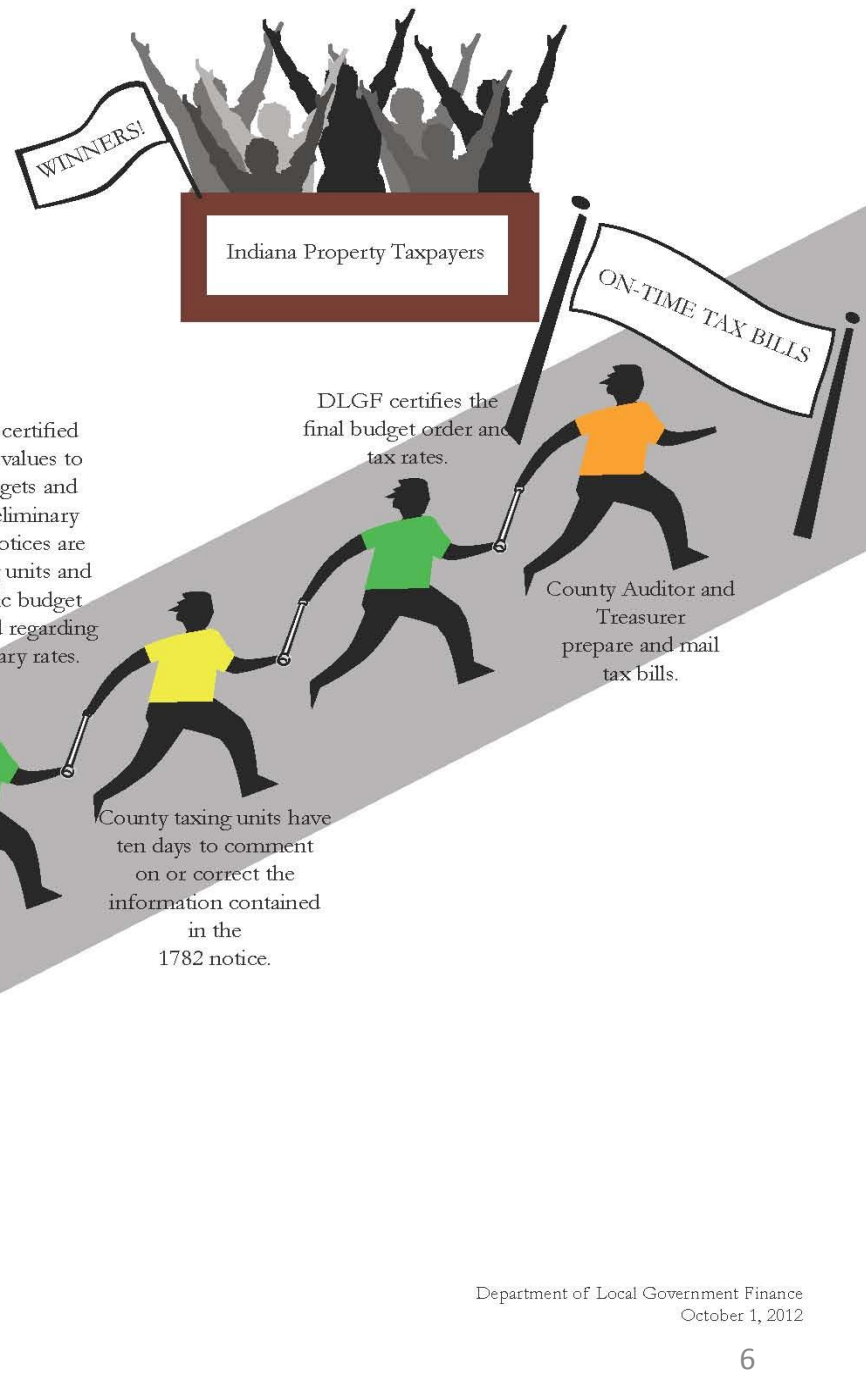
- **Data Analysis Division**
 - Review of real, personal, tax billing, and sales data to ensure it meets statutory standards to allow for analysis.
- **Legal Division**
 - Drafts and publishes property tax assessment rules and interprets statutory law to ensure property tax assessments and local government budgeting are carried out in accordance with Indiana law, including DLGF rules and regulations.



Core Agency Objectives

- Ensures property tax assessment and local government budgeting follow Indiana law
- Ensure that data submission standards and deadlines are met
- Annually reviews and approves tax rates and levies of every political subdivision including all counties, cities, towns, townships, school corporations, libraries and other entities with tax levy authority
- TOP PRIORITY: ON TIME PROPERTY TAX BILLING – a joint effort with local county officials

Assessment to Tax Billing: Start to Finish





General Reassessment

- Began July 1, 2010
- Affects 2012-pay-2013 property tax bills
- Schedule:
 - December 1, 2010: $\frac{1}{4}$ parcels done
 - May 1, 2011: $\frac{1}{2}$ parcels done
 - October 1, 2011: $\frac{3}{4}$ parcels done
 - March 1, 2012 – all parcels done
- On-Time billing priority



On-Time Billing

- 2009 – 2 counties on-time
- 2010 – 85 counties on-time
- 2011 – 90 counties on-time
- 2012 – 90 counties on-time



On-Time Billing in 2013

- As December 4, 2012
 - 15 budgets currently under review
 - Received certified net assessed values from 71 counties
 - Approved 91/91 submitted ratio studies
- Goal: 91 counties billing on-time



2012 pay 2013 Budget Certification Status Map

Progress:
2013 Billing
As of December 4, 2012

Indiana Counties

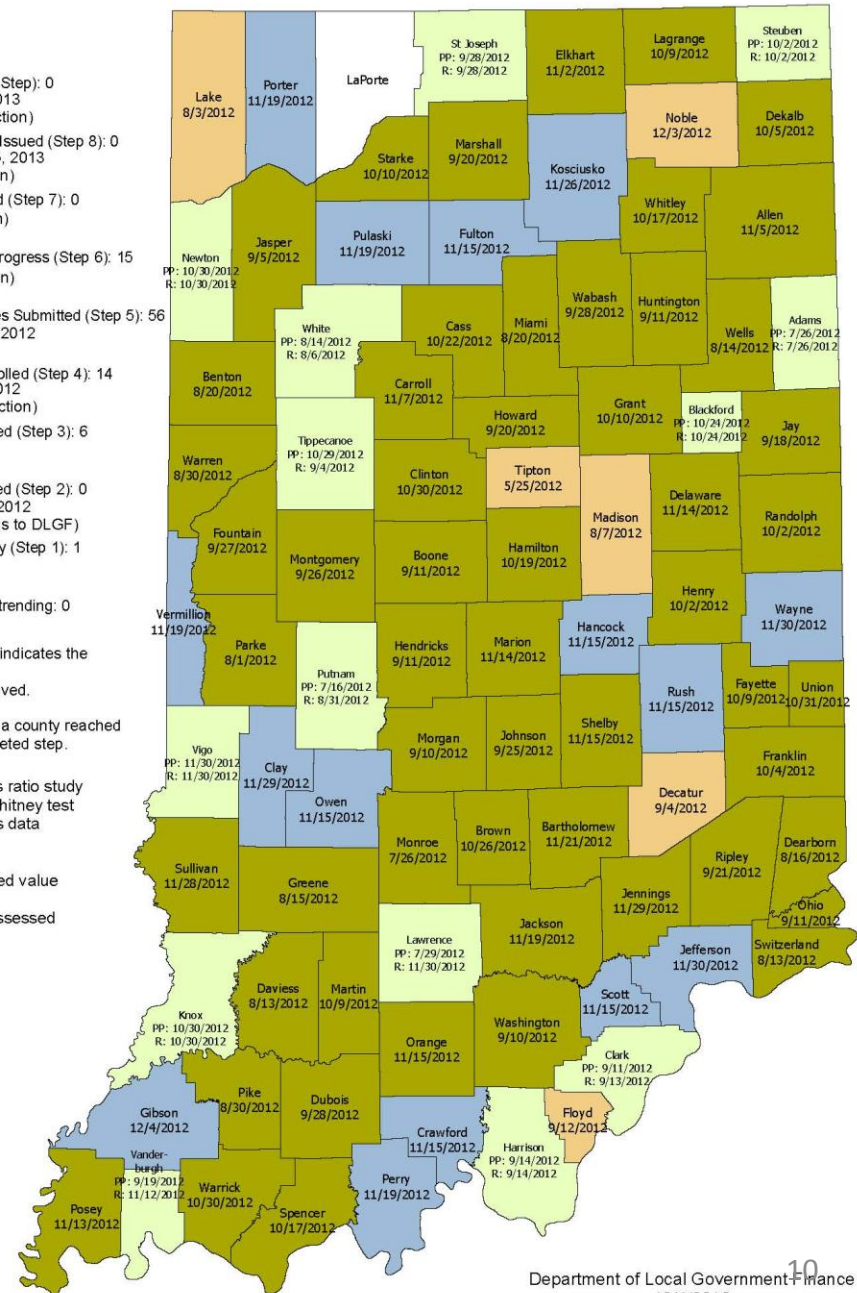
- Tax Bills Due (Final Step): 0
Due May 10, 2013
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8): 0
Due February 15, 2013
(DLGF Action)
- 1782 Notices Issued (Step 7): 0
(DLGF Action)
- Budget Review in Progress (Step 6): 15
(DLGF Action)
- Net Assessed Values Submitted (Step 5): 56
Due August 1, 2012
- Assessed Values Rolled (Step 4): 14
Due July 1, 2012
(Co. Assessor Action)
- Sales Ratio Approved (Step 3): 6
(DLGF Action)
- Sales Ratio Received (Step 2): 0
Due Spring 2012
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1): 1
- State is performing trending: 0

NOTE: The current color indicates the previous step has been completed in full or approved.

A date indicates the date a county reached their most recently completed step.

M-W indicates a county's ratio study has passed the Mann-Whitney test and their submitted sales data is fully compliant.

R: Real property assessed value roll date
PP: Personal property assessed value roll date





What are the most common deductions/credits?

- Numerous deductions/credits available for property tax payers
- Homestead Standard Deduction/Supplemental Homestead Deduction
- Mortgage Deduction
- Over 65 Deduction/Over 65 Circuit Breaker Credit
- Blind or Disabled Deduction
- Disabled Veteran Deduction
- DLGF Property Tax Deductions Page
- <http://www.in.gov/dlgf/2344.htm>
- Includes FAQs, Reference PowerPoints, Fact Sheet for taxpayers, Forms, and more!



Homestead Verification Forms

- Individuals or married couples claiming the deduction must complete this form to verify eligibility and to provide identification numbers (the last **five digits of both the driver's license and social security numbers**), which will be used to populate a secure homestead database and prevent homestead fraud.
- Homestead Verification Forms were mailed out with each tax bill in 2010, 2011, and 2012.
- Taxpayers have until December 31, 2012 to sign and date the form and return it by January 5, 2013.
- Most notify taxpayers before removing deduction for failure to provide pink form. If taxpayer files their pink form, the auditor must reinstate deduction.
- More information: <http://www.in.gov/dlgf/8455.htm>



Contact the Department

- Brian E. Bailey
 - Telephone: 317.234.5720
 - Fax: 317.974.1629
 - E-mail: bbailey@dlgf.in.gov
- Web site: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm



Budget Procedures



Budget Calendar

- DLGF provides a budget calendar twice a year.
- Highlights key dates in the assessment and budget processes.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3773
FAX (317) 232-8779

MEMORANDUM

TO: Local Government Fiscal Officers
FROM: Dan Jones, Assistant Director, Budget Division
DATE: May 25, 2012
SUBJECT: 2012 – 2013 Budget Calendar

This calendar is an update to the budget calendar distributed on January 6, 2012 and reflects changes resulting from the 2012 session of the Indiana General Assembly.

On-time property tax bills are a top priority for the Department of Local Government Finance ("Department" or "DLGF") for 2012 and 2013.

To achieve this objective it is necessary for all involved in the assessment to property tax billing process to understand that there are sequential deadlines for completing various tasks. Attached are key deadlines for calendar year 2012 and the start of calendar year 2013. **The deadlines below were adjusted to reflect the appropriate business day the activity must be accomplished in order to stay on-time for 2012 and 2013.** Failure to comply with any of these deadlines jeopardizes the possibility for the billing of property taxes on the statutory timeline.

Please note that if a county, city, town, or township has not adopted an anti-nepotism policy in compliance with IC 36-1-20.2 and IC 36-1-21, the Department will not be able to approve the unit's budget or additional appropriations for the ensuing year. Likewise, the Department may not approve a unit's budget or additional appropriations if the unit has not filed with the State Board of Accounts ("SBOA") its Annual Financial Report and Annual Salary Report (100R).

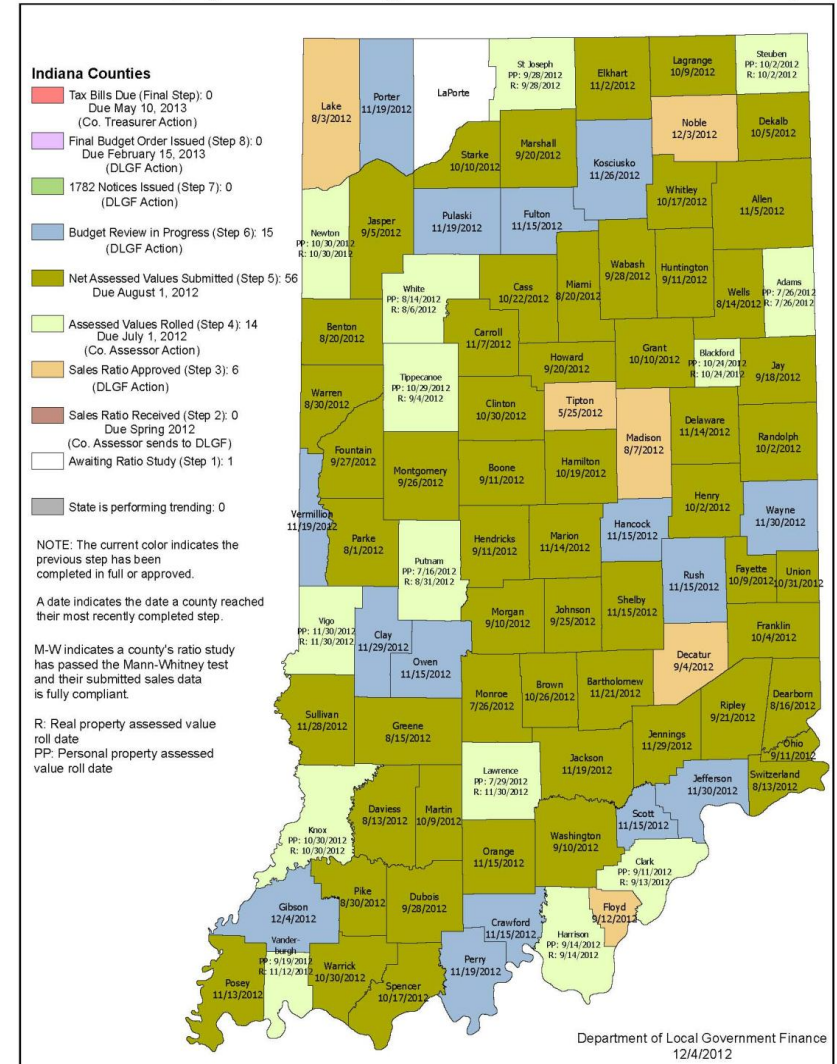
Contact your local Department field representative with specific questions about the budget calendar or the budget process. Contact information for field representatives is available by visiting "Contact Us" on our web site at www.in.gov/dlgef/2338.htm#BudgetFld or by calling 317-232-3777.



Our Current Status

- Budgets were to be adopted by November 1.
- Budgets were to be submitted to the Department through Gateway by November 5.
- The Department is currently reviewing budgets.

2012 pay 2013 Budget Certification Status Map





1782 Notices

- As we complete our review for a county, we will email 1782 Notices to each taxing unit in the county.
 - 1782 Notice is a preliminary notice of budgets, levies and rates.
 - Ensure we have a current email address for you and for anyone else that you would like to review the 1782 Notice.
- Upon receipt of the 1782 Notice, taxing units have 10 days to respond to the Department with any requested changes or questions.



1782 Notices

- What to look for on your 1782 Notice?
 - Budget, Levy and Tax Rate
 - Comparison to Max Levy
 - 2012 numbers – expenditures (Line 2), additional appropriations (Line 3), temporary loans (Lines 4A and 4B), revenues (Line 8A)
 - Debt information



Budget Order

- Once the DLGF receives responses from all units in a county or the 10 calendar days have passed, the Department will certify final budgets, levies and tax rates for each unit.
- Budget orders posted to the Department webpage: <http://www.in.gov/dlgf/2339.htm>
- Auditor should forward applicable pages of the budget order to taxing unit in the county.



After Budget Order

- With the budget order, the Department will send two files that contain the final tax rates for the county.
 - These files can be uploaded into your tax and billing software.
- After certifying a budget order, the Department will populate the Abstract template with budget data and forward to Auditor of State's Office.
 - AOS will work with the County Auditor to get the Abstract completed and approved prior to creating tax bills.



Additional Appropriations

- Contained within the budget order will be the certified appropriations for each fund.
- In some instances, a taxing unit may find that these appropriations are not sufficient and need to be increased.
 - Unexpected expenses.
 - Additional revenue.



Additional Appropriations

- Taxing units can request additional appropriation authority from the Department throughout the year.
- To do so, taxing units should follow the procedure outlined in our most recent additional appropriations memo:

<http://www.in.gov/dlgf/files/110718> - Jones Memo -
Additional Appropriations and Transfer Procedures.pdf



Additional Appropriations

1. Provide notice of the proposed additional appropriation and date and time of the public hearing on the appropriation.
2. Hold the public hearing. The fiscal body should take action on the proposed additional appropriation at the public hearing.
3. Submit a Certified Copy of Additional Appropriation to the Department along with any other required information.
 - Amended Miscellaneous Revenues (Form 2).



Additional Appropriations

- After receipt of the Certified Copy and other information, the Department will review the submitted information.
- The Department will provide a written determination of the amount approved.



Gateway



What is “Gateway”?

- Website which allows local governments to submit forms to certain State agencies online.
- Local units can submit budget forms to the Department and annual reports to the State Board of Accounts (“SBOA”).
- The information collected through Gateway is made publicly available.



Where do my tax dollars go?

[go](#)



Type in your
street and city

Spot location on map
List of your taxing units
Links to more data

Explore my government's finances

This site contains budget, expense and debt data for counties, cities/towns, townships, special districts and more (school districts will be available in late 2012).

- [Browse unit reports](#)
- [Download data](#)
- [Learn more about the budget process](#)

Upcoming
Budget
Meetings



[View budget public hearing dates.](#)

2012 Budgeted Expenditures

\$8,615,558,270

(96.2% of units reporting)

[About the Gateway](#) • [Contact Us](#) • [Contact Officials](#)

The Indiana Gateway for Government Units was developed and is maintained by Indiana University's [Indiana Business Research Center](#), part of the Kelley School of Business. This public portal provides access to local government financial and tax data that has been entered by local units themselves. We work in partnership with the Department of Local Government Finance and the State Board of Accounts.

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Landing Page for Public Output and Local Official Log-In



Welcome to the Indiana Gateway for Government Units

As an authorized user, you will have at least one application to use. Each of these applications enables a local unit to submit its required forms, reports or files to the appropriate state agency, which currently include **DLGF** (Department of Local Government Finance) and **SBOA** (State Board of Accounts).

Select Application

Annual Financial Report



Select application to submit your Annual Financial Report to the **SBOA**.

Budgets



Select application to submit your budgets to the **DLGF**.

Debt Management



Select application to submit your debt to the **DLGF**.

Property Files Upload



Select application to submit your property files to the **DLGF**.

Account Settings



Update your account profile or change your password.

The Indiana Gateway for Government Units provides a central portal for local governments to submit forms to the [Indiana Department of Local Government Finance](#) and the [State Board of Accounts](#). It is maintained by the [Indiana Business Research Center](#) as part of the Information for Indiana Initiative.

Email

- [Technical Issues](#)
- [DLGF](#)

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Available Applications



[Select Unit](#) > **Unit Main Menu**

Selected Year: 2013 | Selected Unit: Adams County - 0000 Adams County

Unit Main Menu - 0000 Adams County

Select from the options below to customize your unit's funds, departments, and/or publications.

Department of Local Government Finance Tasks



View Forms, Enter and Edit Budgets

View, edit and submit Forms to DLGF.



Submit Proof of Publication and Signed Form 4

View, upload and submit budget-related documents to DLGF.

County Specific Functions



Certificate of Net Assessed Valuations



CNAV Is Ready To Submit

View, upload and submit certificate of Net AV to DLGF.



Non-Binding Review

Click to print the Non-Binding Review for selected county and year.

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Email

- [Technical Issues](#)
- [DLGF](#)
- [SROA](#)

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Budget Landing Page

[Select Unit](#) > [Unit Main Menu](#) > [Budget Form Menu](#)

Selected Year: 2013 | Selected Unit: Adams County - 0000 Adams County

Select from Available Forms

The budget form submission deadline for this unit and budget year has passed. The budget forms are closed to editing.

Current Year Financial Worksheet: Additional Calculations for Form 4B		<input checked="" type="checkbox"/>
<input type="button" value="Click to view form"/>		<input checked="" type="checkbox"/> This form has been submitted.
Debt Worksheet		
Form 1: Budget Estimate		<input checked="" type="checkbox"/>
Form 2: Estimate of Miscellaneous Revenues		<input checked="" type="checkbox"/>
Form 3: Notice to Taxpayers		<input checked="" type="checkbox"/>
Form 4: Ordinance / Resolution of Appropriations and Tax Rates		<input checked="" type="checkbox"/>
Form 4A: Budget Report		<input checked="" type="checkbox"/>
Form 4B: Budget Estimate, Financial Statement and Proposed Tax Rate		<input checked="" type="checkbox"/>

Budget Forms



Getting Started in Gateway

- Request a user name and PIN.
 - gateway@dlgf.in.gov
- Attend a training session.
- Review user guides available on the Department's webpage:
 - <http://www.in.gov/dlgf/8918.htm>
- Contact the appropriate agency for assistance.
 - Gateway Support Team
 - Budget Field Representatives



Special Topics

- Property Tax Caps
- Local Option Income Taxes (LOIT)
- Tax Increment Finance (TIF)



Property Tax Caps

- Indiana property tax caps limit the amount of property taxes that can be charged to a percentage of the property's gross assessed value.
 - 1% cap: Homestead residential property
 - 2% cap: Other residential property, farmland, long-term care facilities
 - 3% cap: Business real and personal property, non-homestead eligible property
 - Over 65 Circuit Breaker Credit



How are the Property Tax Caps Applied?

- Property tax rates and levies determined without consideration of property tax caps.
- Tax bill calculated based on certified tax rates and net assessed value.
- “Circuit breaker credit”: additional calculation at the end of the tax bill.
 - Applied only when the tax bill exceeds the applicable cap.
 - Equal to the difference between the tax bill and the cap.
 - Brings the taxpayer’s liability down to the cap.



Impact to Taxing Units

- The property tax caps result in a lower amount of property taxes paid.
- The reduced revenue affects each unit in proportion to that unit's tax rate.
 - Calculated separately for each taxing district.
 - Certain funds handled differently.
- The State does not provide funding to counteract the revenue reduction.
- A unit may not increase its levy or borrow to counteract the revenue reduction.



Local Option Income Taxes (LOIT)

- “Legacy” LOITs:
 - County Adjusted Gross Income Tax (CAGIT)
 - County Option Income Tax (COIT)
 - County Economic Development Income Tax (CEDIT)
- New LOITs:
 - Levy Growth Replacement (Levy Freeze)
 - Property Tax Relief
 - Public Safety



LOIT Uses

- All LOIT uses can be divided into two categories: spending and property tax relief.
 - Spending: Certified Shares portion of CAGIT, CEDIT, and LOIT for Public Safety
 - Property Tax Relief:
 - Via Rate Reductions: Property Tax Replacement Credit (PTRC) portion of CAGIT and LOIT Levy Freeze
 - Via Direct Property Tax Credits: Legacy COIT Homestead Credit, CEDIT Homestead Credit, and LOIT for property tax credits



LOIT Administration

- Various agencies are involved in the administration of LOITs:
 - Department of Revenue – counties submit an annual report of income tax rates.
 - State Budget Agency – provides distribution amounts and fund balance amounts on a county-wide basis.
 - Department of Local Government Finance – provides taxing unit distribution amounts and various levy freeze reports.
- Changes in income tax rates or make-up must be reported to all three agencies via Gateway.



Tax Increment Finance (TIF)

- Government finance mechanism used by counties and cities/towns to facilitate development of a particular area.
- TIF captures increased assessed value in a defined area and then uses the property tax proceeds from the captured assessed value to finance public improvements.



County Auditor and TIF

- Maintenance of TIF records and identification of TIF parcels
- Annual preparation of TIF Neutralization Worksheets



Contact Information

- Courtney Schaafsma, Budget Director
 - Telephone: 317.234.3937
 - E-mail: cschaafsma@dlgf.in.gov
- Web site: www.in.gov/dlgf
 - "Contact Us": www.in.gov/dlgf/2338.htm.